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**NASA CONTRACTOR TO PAY UNITED STATES \$2.5 MILLION
TO RESOLVE FALSE CLAIMS ALLEGATIONS**

WASHINGTON, D.C. Sverdrup Technology, Inc. has agreed to pay the government \$2.5 million to resolve allegations of mischarging the National Aeronautics and Space Administration (NASA), the Justice Department announced today. The allegations stem from mischarging practices carried out by two laboratories operated by Sverdrup at the Stennis Space Center in Hancock, Mississippi.

In both instances, NASA alleged that the Tullahoma, Tennessee-based company mischarged the United States when it had the technical services contract at the Stennis Space Center in the early to mid-1990's. In the first case, the court on January 24, 2001 found that Sverdrup, a wholly-owned subsidiary of Jacobs Engineering Group, violated the False Claims Act when it mischarged overhead labor and materials costs as direct costs, which allowed the company to increase its profits by disguising the true extent of its overhead expenses. The court did not resolve the issue of damages to the United States at that time.

The second case brought by the government against Sverdrup involved similar allegations, but at a different laboratory operated by the company at the Stennis Space Center. That case had not yet gone to trial at the time of today's settlement.

"Those who defraud our federal programs unlawfully divert precious funds and resources," said Acting Assistant Attorney General Stuart E. Schiffer, in charge of the Civil Division. "This settlement demonstrates our commitment to fighting fraud and abuse wherever we find it."

The initial allegations were brought in 1994 by Kenneth Trawick, a chemist formerly employed by the company at the Stennis Space Center. Under the qui tam provisions of the False Claims Act, the whistleblower or relator can file an action on behalf of the United States. Under the terms of today's settlement, the relator will receive \$150,000 of the funds.

The cases are entitled *United States ex rel. Trawick v. Sverdrup Technology, Inc.*, Civil No. 1:94CV68GR (S.D. MS) and *United States v. Sverdrup Technology, Inc.*, Civil No. 1:97CV225GR (S.D. MS).

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